

MANWELL & WES

ATTORNEYS AT LAW

CITICORP CENTER

ONE SANSOME STREET

14TH FLOOR

SAN FRANCISCO, CALIFORNIA 94104

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(415) 362-2375

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(415) 362-1010

February 6, 1987

VIA FEDERAL EXPRESS

Ms. Noreta R. McGee
Secretary of the Interstate
Commerce Commission
Washington, D. C. 20423

1 5168
RECORDATION NO. 7-040A110
Filed & Recorded
No. 1
Date FEB 09 1987
Fee \$ 20.00

ICC Washington, D.C.

Dear Ms. McGee:

Enclosed please find, for filing and recordation pursuant to Section 11303 of Title 49 of the United States Code and the regulations promulgated thereunder, one fully executed copy and six certified copies of a Security Agreement.

I. Document: Security Agreement dated as of December 23, 1986. This document is a primary document and has not been previously filed.

A. Parties:

Debtor:	HM Joint Venture
Secured Party:	First National Bank of Louisville

B. Addresses:

Debtor:	c/o Helm Equipment Leasing Corporation One Embarcadero Center Suite 3320 San Francisco, CA 94111 Attn: Vice President
Secured Party:	P. O. Box 36040 Louisville, KY 40232 Attn: Senior Vice President

C. Equipment: 300 Hundred-ton bottom-dump coal hopper cars bearing road numbers VEPX 87000 - 87499

ICC OFFICE OF
THE SECRETARY
FEB 9 12 32 PM '87
MOTOR OPERATING UNIT

Ms. Noreta R. McGee
February 6, 1987
Page Two

Please cross-index the Lease with the following document:

Recordation No. 151678 ¹⁵¹⁶⁷⁻⁴; Memorandum of Lease dated as of January 16, 1987 between HM Joint Venture and Virginia Electric and Power Company, filed simultaneously herewith.

Enclosed is a check of this firm in the amount of \$20.00 to cover the filing fee for the primary document (\$10.00), and the fee for the cross-indexing (\$10.00).


A short summary of the documents to appear in the Index is as follows:

Security Agreement covering among other things three hundred (300) 100-ton bottom-dump coal hopper cars, VEPX Road Numbers 87000 - 87499.

Once the filing has been made, please return the stamped copies of the documents not required for filing purposes, together with the fee receipt, the letter from the ICC acknowledging the filing, and the two extra copies of this letter of transmittal.

The undersigned certifies that she is acting as counsel to H. M. Joint Venture and that she has knowledge of the matters set forth in the above-described documents.

Sincerely,



L. Celeste H. Blumer

LCHB:msp
Enclosures

Interstate Commerce Commission

Washington, D.C. 20423

2/17/87

OFFICE OF THE SECRETARY

L. CELESTE H. BLUMER
MANWELL & WES
CITICORP CENTER
ONE SANSOME STREET
SAN FRANCISCO, CALIF. 94104

Dear SIR:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 2/9/87 at 2:35pm, and assigned re-recording number(s). 15168

Sincerely yours,

Norita R. McGee
Secretary

Enclosure(s)

SE-30
(7/79)

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN FRANCISCO)

1 5168
RECORDATION NO. _____ Filed & Recorded
FEB 9 1987 2-35 PM
INTERSTATE COMMERCE COMMISSION

AFFIDAVIT

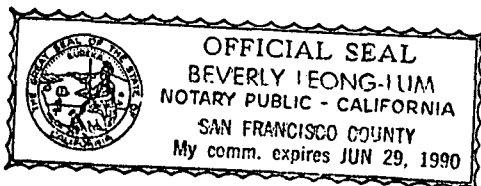
I, L. Celeste H. Blumer, being first duly sworn, depose and say:

(1) I am an attorney, licensed to practice in the State of California.

(2) I have reviewed the attached copy of the Security Agreement dated as of December 23, 1986 between HM Joint Venture and First National Bank of Louisville and compared said copy with the original document and found the copy to be complete and identical in all respects to the original document.

L. Celeste H. Blumer
L. Celeste H. Blumer

Subscribed and sworn to before me this 6th day of January, 1987 at San Francisco, California.



[SEAL]

Beverly Leong-Ium
Notary Public

FEB 9 1987 2-30 PM DRAFT WRB121586

SECURITY AGREEMENT INTERSTATE COMMERCE COMMISSION

THIS SECURITY AGREEMENT, dated as of the 23rd day of December, 1986, between HM JOINT VENTURE, a joint venture organized under the laws of the State of California (herein the "Debtor") and consisting of Helm Equipment Leasing Corporation, a California Corporation and Mansbach Realty Company, Inc., a Kentucky Corporation (herein "Mansbach") and FIRST NATIONAL BANK OF LOUISVILLE, a national banking association with its principal office located in Louisville, Kentucky (the "Secured Party").

To secure the due and punctual payment of all principal, interest and other terms payable under the terms of the Nonrecourse Promissory Note dated as of December 23, 1986 from Debtor to Secured Party to evidence advances from Secured Party to Debtor up to One Million Five Hundred Thousand (\$1,500,000.00) Dollars ("Note"), and any and all other promissory notes hereafter at any time issued in replacement or extension thereof by Debtor or Mansbach, and to secure Debtor's and Mansbach's obligations under the terms of a Term Loan Agreement dated December 23, 1986 (the "Term Loan Agreement") among Debtor, Mansbach and the Secured Party and all obligations thereunder and hereunder, Debtor hereby assigns, transfers, mortgages and pledges to the Secured Party and grants to the Secured Party a security interest in the following described collateral and in all proceeds thereof (the "Collateral"):

1. All of the Debtor's right, title and interest in and to:
 - (a) that certain Lease of Railroad Equipment dated December 8, 1986 (the "Lease") in which Virginia Electric & Power Company is the Lessee (the "Lessee") and the Debtor is the Lessor (the "Lessor"), a copy of which is annexed hereto as Exhibit A, and (b) all rentals and other moneys payable under the Lease including all proceeds of insurance, condemnation and requisition proceedings and sales or other dispositions of the property subject thereto and all the Debtor's rights, power and remedies therein and thereunder (but none of its duties or obligations thereunder, if any), including, without limitation, all the Debtor's rights to give and receive any notice, consent, waiver, demand or approval under or in respect of such Lease, to exercise any election or option thereunder or in respect thereof, to accept any surrender of the property subject to the Lease, to execute and deliver any bill of sale for any such property, and to do all other things which the Debtor is entitled to do under such Lease;
2. All the equipment listed on Schedule I attached hereto now owned or hereafter acquired by Debtor (the

"Equipment"), which Equipment has been or is being acquired by Debtor for lease to the Lessee pursuant to the Lease, and all the Debtor's right, title and interest in the Equipment and in all parts, fittings, accessories, accessions, substitutions and replacements therefor or thereof, and all contract rights, chattel paper, accounts, rentals, fees, income and proceeds arising from and in connection with the use of the Equipment.

3. All instruments of sale and purchase entered into between Debtor as purchaser and Missouri Pacific Railroad in the form of Sale Orders or purchase contracts, bills of sale or otherwise evidencing Debtor's rights to acquire the Equipment.

In furtherance of the foregoing, Debtor has executed an Assignment of Lease (the "Lease Assignment"), dated as of the date hereof and annexed hereto as Exhibit A. The Debtor hereby irrevocably constitutes and appoints Secured Party as the Debtor's attorney-in-fact, with full power of substitution and revocation, in the name of the Debtor or otherwise to demand, enforce, collect, receive and receipt and give releases for any payment or indemnity becoming due or arising under the Lease or any policy of insurance relating to the Equipment or any Collateral (including any return of insurance premiums), to endorse and collect any checks, drafts or other instruments payable to the Debtor therefor, and to do and take all such other actions as are referred to above relating to the Lease, the Equipment or other Collateral, to file any claims or institute any proceedings for the foregoing which Secured Party deems necessary, and to compromise any such demand, claim or action; provided, however, that Secured Party hereby agrees with Debtor that Secured Party shall not as long as no Event of Default (as hereinafter defined) or other event which with the giving of notice or the lapse of time or both could become an Event of Default under the Lease or this Agreement shall have occurred and be continuing, without the written consent of the Debtor, seek to enforce any of the rights, powers or remedies of Secured Party under the Lease.

So long as any amount remains outstanding under the Note, without Secured Party's prior written consent, which shall not be unreasonably withheld the Debtor shall not grant any consent or waiver under the Lease, give any notice thereunder or otherwise exercise any rights, powers or remedies of the Lessor thereunder (except as permitted by the next paragraph hereof), or agree to any release of any obligation of the Lessee thereunder or to any amendment, modification or termination thereof. At any time after an Event of Default has been declared hereunder and is continuing, Debtor hereby consents to and does hereby waive notice of the granting by Secured Party as assignee of indulgences to Lessee or extensions of time for payment of any obligations of Lessee under the Lease, Secured Party's taking or releasing of any security for

the obligations of the Lessee under the Lease, Secured Party's acceptance of partial payments on the Lease or settlement, compromising or compounding of any obligations of any person, primarily or secondarily liable on or with respect to the Lease, all in such manner and at such time or times as Secured Party may reasonably deem advisable.

In the event that the Lessee shall be in breach of any of its covenants or agreements contained in the Lease and the Secured Party, after not less than 20 days written notice thereof from Debtor, does not seek to collect that portion of any payment which would otherwise be payable to the Debtor pursuant to Paragraph G hereof or to enforce any such covenant and agreement, Debtor shall have the right, for only so long as no Event of Default under the Lease or this Agreement shall have occurred and be continuing, to proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of such covenants or agreements and to recover damages for the breach thereof; provided, however, that without the prior written consent of the Secured Party, the Debtor may not declare an Event of Default under or terminate the Lease; provided, further, that the exercise of Debtor's rights to enforce performance or to recover damages from the Lessee shall always be subject to the rights of the Secured Party under the Lease Assignment and this Agreement.

A. REPRESENTATIONS, WARRANTIES AND AGREEMENTS - Debtor represents, warrants and agrees that:

1. the Lease provides for the payment, on or before the installment payment dates of the Notes, of rentals in amounts at least equal to the amounts of such installments of principal and interest under the Notes. The counterpart of the Lease designated as chattel paper under the Uniform Commercial Code, Counterpart No. 1, has been delivered to Secured Party and separate, fully executed counterparts of the Lease, this Security Agreement and the Lease Assignment have been delivered to the Secretary of the Interstate Commerce Commission in Washington, D. C. in proper form for recordation pursuant to 49 U.S.C. § 11303;
2. the Debtor has good and marketable title to the units of Equipment listed on Schedule I hereto, free and clear of all liens, claims and encumbrances but subject to interests therein of the Lessee under the Lease, to persons claiming under or through the Lessee which Lessee is obligated to discharge under the Lease, or to the Secured Party hereunder;
3. the Debtor has filed all tax returns, federal, state, municipal or otherwise, required of the Debtor and is not in default in respect of the due and punctual payment of any taxes payable by Debtor; and no liens for

nonpayment of taxes by Debtor exist upon any property, including the Equipment, or other assets of Debtor;

4. the Debtor has not executed any other assignment of the Lease; and the Debtor's right to receive any payments under the Lease and the Debtor's right, title and interest in and to the Equipment, the Lease and the other Collateral are, and will continue to be, free and clear of any and all liens, agreements or encumbrances, which rights shall be terminated in connection with the financing of the Equipment by Secured Party, this Agreement and the rights of the Lessee under the Lease and of persons claiming under or through the Lessee which Lessee is obligated to discharge under the Lease; the Debtor has received no advance rental or other payments under the Lease and the Debtor will not accept any payments under the Lease for the Debtor's own account except as permitted in this Agreement; the Debtor has performed all obligations on the Debtor's part to be performed under the Lease on or prior to the date hereof and will perform any such obligations during the term of the Lease; and to the knowledge of the Debtor, there has not occurred on the date hereof any Event of Default or other event which after notice of lapse of time or both would become an Event of Default under the Lease or this Agreement;
5. the acquisition and leasing of the Equipment by the Debtor to the Lessee pursuant to the Lease, the use of the Equipment by the Lessee pursuant to the Lease and the making and performance of this Agreement by the Debtor will not violate any provision of law or of any industry rule applicable to either Debtor or Lessee; the condition of the Equipment at the time it is accepted by the Lessee pursuant to the Lease is in compliance with all provisions of law (including without limitation the Railroad Freight Car Safety Standards promulgated by the Federal Railroad Administration) and with all industry rules applicable to the Equipment for use by the Lessee; and the making and performance by the Debtor of the Lease and this Agreement will not constitute a default under or result in the creation of any lien, charge or encumbrance upon any property or assets of the Debtor pursuant to any agreement, indenture or other instrument to which the Debtor is a party or by which the Debtor may be bound;
6. there are no actions, suits or proceedings pending or, to the knowledge of the Debtor, threatened against or affecting the Debtor in any court or by or before any government department, agency or instrumentality in which any adverse decision might materially affect the ability of the Debtor to perform the Debtor's

obligations under this Agreement, the Lease and the Lease Assignment;

7. without Secured Party's prior written consent so long as the Note remains unpaid, Debtor will not (i) grant any consent under the Lease, (ii) give any notice thereunder or otherwise exercise any rights, powers or remedies of the Lessor thereunder, or (iii) agree to any release of any obligation of the Lessee thereunder or to any modification or any termination thereof; and

8. Debtor is not subject to the jurisdiction of the Interstate Commerce Commission.

B. DOCUMENTATION - The Debtor will execute and deliver to Secured Party such documents identifying the Equipment as Secured Party may from time to time reasonably request. In addition, the Debtor will execute, acknowledge, deliver, file and record all such documents, including financing statements, and take all such other action as Secured Party may reasonably request, to perfect and continue perfected under applicable laws the security interests granted hereby as first perfected security interests in the Collateral, and the Debtor hereby irrevocably constitutes and appoints Secured Party the Debtor's attorney-in-fact for such purposes, with full power of substitution. The Debtor also will execute and deliver such instruments and take all such other action as Secured Party may reasonably request to effectuate the purposes of this Agreement and to secure the rights and remedies conferred upon Secured Party hereunder.

C. DEFAULT - Each of the following will constitute an event of default hereunder ("Event of Default"):

1. the failure by Debtor or Mansbach to pay any amount of principal of or interest on the Note when due, whether at the maturity thereof or by reason of any requirement for the prepayment thereof, by acceleration or otherwise, and such failure shall continue for ten (10) days after Secured Party shall have given the Debtor written notice thereof;
2. the failure by Debtor or Mansbach to pay any other amount when due hereunder or perform any other obligation required by this Agreement, the Note or the Lease Assignment, and such failure shall continue for twenty (20) days after Secured Party shall have given the Debtor written notice thereof;
3. the occurrence of an Event of Default under the Lease (as defined therein); provided, however, that if an Event of Default as defined in Paragraph 12 of the Lease shall occur by reason of Lessee's default in the

observance or performance of any of the covenants, conditions and agreements on the part of Lessee contained in Articles 8, or 20 of the Lease, Secured Party shall give thirty (30) days written notice of such default to Debtor and Debtor shall have the right, but not the obligation, to cure such default within such thirty-day period; provided, further, that Debtor shall not be entitled to exercise its rights to cure an Event of Default under the foregoing proviso on more than three occasions during the term of the Term Lease;

4. the Secured Party declares an Event of Default under the Term Loan Agreement.
 5. the adjudication of Debtor as bankrupt or insolvent, or the entry of an order appointing a receiver or trustee for the Debtor or any of the Debtor's property or approving a petition seeking reorganization, arrangement, composition, adjustment of the debts, receivership, liquidation or dissolution of such Debtor or any similar proceeding under the Bankruptcy Code or any similar law of the United States or any state or other competent jurisdiction, or the filing by Debtor of a petition or answer seeking or consenting to any of the foregoing, or the filing of a petition against the Debtor seeking any of the foregoing which is not dismissed within sixty (60) days, or the making by any Debtor of a general assignment for the benefit of creditors; or
 6. the occurrence of a breach of any of the Representations, Warranties and Agreements under Paragraph A hereof and such breach is not cured within twenty (20) days after Secured Party shall have given the Debtor written notice thereof.
- D. REMEDIES - At any time after the occurrence of an Event of Default and while the same remains unsecured, Secured Party may declare, by written notice to the Debtor, the entire unpaid balance of the principal of Debtor's Note and all interest accrued thereon to be immediately due and payable, and, in addition, Secured Party shall have and may exercise all the rights and remedies of a secured party under the Uniform Commercial Code or other applicable law, including the right, subject to the rights of the Lessee if any under the Lease, to take possession of any Equipment or other Collateral not then in Secured Party's possession and to dispose of it, or the Debtor's interest therein, at public or private sale, at which Secured Party, subject to the provisions of applicable law, may be the purchaser.

Any notice of any such sale required by law shall be deemed reasonably and sufficiently given to the Debtor if given at

least fifteen (15) days prior to the date thereof at the address and in the manner herein provided for notices. The proceeds realized by the Secured Party upon the exercise of any of its remedies shall be applied to the obligations secured by this Agreement in accordance with the provisions of Paragraph H and Debtor will be entitled to any surpluses thereafter. No delay or omission on Secured Party's part to exercise any right hereunder will impair any such right or be construed as a waiver of any default or any acquiescence therein.

No waiver of any default hereunder will affect any later default or impair any of Secured Party's rights hereunder. No single, partial or full exercise of any rights by Secured Party will preclude further or other exercise thereof. The remedies provided for herein shall not be deemed exclusive, but are cumulative and in addition to all other remedies available under applicable law.

Secured Party understands and agrees that neither Debtor nor either of its constituent partners shall be personally liable for the payment of the Note, and that any judgment entered against the Debtor in any action for the recovery of the amounts due and payable under the Note shall be satisfied out of the proceeds of the Collateral. Nothing contained herein, however, shall (i) preclude Secured Party from exercising any right or enforcing any remedy, whether upon default or otherwise, under this Agreement against Collateral furnished as security for the indebtedness evidenced by the Note or (ii) prejudices the right of the Secured Party to proceed against the Borrower or either of its constituent partners to recover any damages resulting from any misrepresentation contained in this Agreement or in any other of the Collateral Documents or in any document or instrument provided to Secured Party in connection with the transactions evidenced hereby or as a result of any fraudulent or willful misconduct on the part of the Borrower or either of its constituent partners with regard to the purchase, rehabilitation and leasing of railroad equipment to Lessee, provided, however, nothing in this clause (ii) shall authorize Secured Party to collect damages from one constituent partner of Borrower as a result of any breach or of any fraudulent or willful misconduct committed by the other constituent partner, or (iii) prejudices the right of the Secured Party to pursue any subsequent owner of any of the Collateral should any of such Collateral be mortgaged, pledged, assigned or otherwise conveyed in violation of any covenant contained in this Agreement.

- E. PREPAYMENT OF NOTE UPON DESTRUCTION OF CARS - If any amount shall become due and payable to the Debtor, or to the Secured Party as Assignee, pursuant to Articles 10 or 17 of the Lease because of loss, destruction or damage to any of the

Equipment, Debtor shall remit immediately all amounts received from Lessee or Lessee's insurer to Secured Party. The Secured Party will accept all sums paid to it pursuant to the Lease with respect to loss, destruction or damage to any of the Equipment for application against accrued interest and principal on the Note. Unless an Event of Default, or event which with the lapse of time or the giving of notice or both would become an Event of Default under this Agreement or under the Lease, shall have occurred and be continuing (in which event all such amounts shall be held by Secured Party to satisfy the obligations of the Debtor then remaining) Secured Party shall apply such sums in reduction of Debtor's obligations to Secured Party in the following manner: (i) first, Secured party shall apply so much of the amount received as shall be necessary to pay any expenses or fees which have accrued and are then payable pursuant to Paragraph F, infra; (ii) next, Secured Party shall apply to the Note out of the balance, if any, an amount equal to the then existing balance of principal and accrued interest on the Note divided by (X-N); and (iii) finally, Secured Party shall remit the balance, if any, to Debtor. For purposes of this Paragraph E, "X" shall mean the number of units of Equipment originally accepted by Lessee for purposes of this Lease, and "N" shall equal the number of units of Equipment previously removed from service under the Lease. Amounts withheld to be applied against the Note shall be applied solely in accordance with the prepayment provision of the Note and any discrepancy between the provisions of this Paragraph E and the prepayment provision of the Note shall be resolved in favor of the prepayment method described in the Note.

- F. COLLECTION EXPENSES - In addition to all other amounts payable hereunder and under the Note, the Debtor will pay all Secured Party's reasonable expenses, including attorneys' fees, incurred from time to time in enforcing its rights and remedies hereunder, under the Note or under the Lease. If Secured Party brings suit (or files any claim or petition in any bankruptcy, reorganization, insolvency or other proceeding) to enforce any of its rights (or other recovery or relief), Secured Party may recover in such action (or other proceeding), in addition to all other amounts payable hereunder and thereunder, its reasonable expenses, including attorneys' fees, in connection therewith, and the same shall be included in such judgment (or other form of award).
- G. COLLECTION OF RENTALS - Secured Party will, on behalf of Debtor, collect and receive from the Lessee all rentals and other money payable pursuant to the Lease. The Secured Party, except as otherwise provided in this Agreement, may take all such action as may be necessary or desirable to demand, enforce, collect, receive and receipt for all such payments and otherwise enforce compliance by Lessee with all terms and provisions of the Lease. To the extent

indefeasibly received, the Secured Party will apply such payments first, in the manner specified in Paragraph H hereof, and second, so long as no Event of Default or event which with the lapse of time or the giving of notice or both provided for in the Lease or hereunder could constitute an Event of Default thereunder or hereunder shall have occurred and be continuing, any balance shall be paid to the Debtor. All payments received by Secured Party at such time as an Event of Default shall have occurred and be continuing which otherwise, in whole or in part, would be remitted to Debtor as aforesaid shall be retained by Secured Party and applied to satisfy Debtor's obligations under the Note and this Agreement. All payments received by Secured Party at such time as there shall have occurred an event which with the lapse of time or the giving of notice or both provided for in the Lease or hereunder could constitute an Event of Default thereunder or hereunder which otherwise, in whole or in part, would be remitted to Debtor as aforesaid shall be retained by Secured Party until such event shall either become an Event of Default (in which case such monies shall be applied as aforesaid), or be cured or otherwise not be capable of maturing into an Event of Default (in which case such monies shall be remitted to Debtor as aforesaid). The Debtor agrees that any payments received by the Debtor from the Lessee which are payable to the Secured Party pursuant to this Agreement shall be held in trust for the Secured Party and shall be immediately paid to the Secured Party.

- H. APPLICATION OF PAYMENTS - All payments other than payments in respect of loss, destruction or damage to any of the Equipment indefeasibly received by the Secured Party in respect of the Lease shall be applied first, to the payment of costs and expenses due to the Secured Party pursuant to Paragraph F, if any, second, to the payment of accrued interest. principal and other amounts then due and owing, if any, under the Note in accordance with the prepayment provisions of the Note. All payments indefeasibly received by Secured Party in excess of the amounts necessary to pay the Note in full shall within five (5) business days be released to Debtor.
- I. NOTICES - All notices, declarations, requests, consents and other communications given hereunder or in connection herewith or with the Note shall be in writing and shall be deemed to have been given when delivered or deposited in the United States mail, registered or certified, postage prepaid, addressed to Debtor, care of Helm Equipment Leasing Corporation, One Embarcadero Center, Suite 3320, San Francisco, California 94111 and to the Secured Party at its address stated below, or to such other address as any such party may hereafter specify by written notice to the other. Copies of all notices, declarations, requests, consents and other communications which may effect the Lessee's quiet

enjoyment of the equipment, shall be provided to the Lessee at Virginia Power, OJRP-7, Manager, Transportation, P.O. Box 26666, Richmond, Virginia 23261-6666.

- J. OTHER AGREEMENTS - All references in this Agreement to obligations of Debtor pursuant to this Agreement or payments required to be made pursuant to this Agreement shall for all purposes include, regardless of whether expressly stated, the obligations of the Debtor and Mansbach for payments required by the Debtor pursuant to the Lease Assignment.
- K. APPLICABLE LAW - this Agreement and the Notes shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the Commonwealth of Kentucky.
- L. SEVERABILITY - Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.
- M. SUCCESSORS AND ASSIGNS - This Agreement will bind and inure to the benefit of the respective successors and assigns of the parties hereto, including any holder, as such, of any Note, by acceptance of an assignment hereof or of any Note. Each of the Secured Party's successors or assigns (including any holder, as such, of any Note) will be deemed to have agreed to be bound by the provisions hereof, and of the Note and Secured Party's undertakings hereunder and thereunder.
- N. TRANSFER OF DEBTOR'S INTEREST - The Debtor shall not assign, convey or otherwise transfer any of its right, title or interest in, to or under any of the Collateral without the prior written consent of the Secured Party in its discretion and subject to such terms and conditions as the Secured Party may then specify.
- O. TERMINATION OF SECURITY INTEREST, ETC. - Upon payment in full of the principal of and interest on the Note and all other sums payable to the Secured Party under the Note and this Agreement, the Secured Party shall execute and deliver to the Debtor, at the expense of the Debtor, such documents as the Debtor shall reasonably request to evidence the termination of this Agreement and the Lease Assignment and all interests of the Secured Party in this Collateral.

IN WITNESS WHEREOF, this Security Agreement has been duly executed and delivered as of the date first above written.

[Corporate Seal]

By: [Signature]
Title: President

HM JOINT VENTURE,
a California joint venture

By: Helm Equipment Leasing
Corporation,
a general partner

By: [Signature]
Title: Creative Vice President

and

Attest:

By: Edward B. Renneker
Title: Asst. Secy.

By: Mansbach Realty Company,
a general partner

By: [Signature]
Title: President

FIRST NATIONAL BANK OF LOUISVILLE

By: J. E. Vittitow
Title: SA. Vice-President

Addresses for notices:

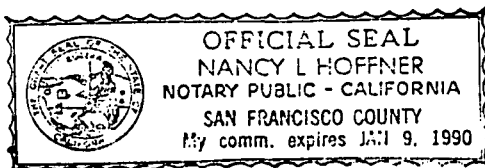
First National Bank of Louisville
P.O. Box 36040
Louisville, Kentucky 40232
Attn: Mr. J.E. Vittitow,
Senior Vice President

STATE OF CALIFORNIA)

COUNTY OF SAN FRANCISCO)

) SS.
)
)

On this 22nd day of December, 1986, before me personally appeared DAVID R. ECKHART to me personally known, who being by me duly sworn, says that he is the EXEC. VICE PRES of HELM EQUIPMENT LEASING CORPORATION, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation on behalf of HM Joint Venture.



Nancy L. Hoffner
NOTARY PUBLIC

My commission expires:

(SEAL)

NOTARY PUBLIC

COMMONWEALTH OF KENTUCKY)

) SS.

COUNTY OF BOYD)

On this 20TH day of DEC., 1986, before me personally appeared GERALD HENRY BARKER to me personally known, who being by me duly sworn, says that he is the PRES. of MANSBACH REALTY COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation on behalf of HM Joint Venture.

My commission expires:

(SEAL)

DEC. 6 1989
Edward B. Renneker
NOTARY PUBLIC

COMMONWEALTH OF KENTUCKY)

) SS.

COUNTY OF JEFFERSON)

On this 22ND day of JANUARY, 1987, before me personally appeared JE VITTLOW to me personally known, who being by me duly sworn, says that he is the SR VICE PRESIDENT of FIRST NATIONAL BANK OF LOUISVILLE, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

My commission expires:

(SEAL)

Notary Public, State at Large, KY
My commission expires Apr. 10, 1989

Walter D. [Signature]
NOTARY PUBLIC